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CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

COUNTRY Indochina

SUBJECT Economic Assets and Liabilities of  
North Vietnam

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THIS IS UNEVALUATED INFORMATION

1. To assess the economic advantages accruing to the Communist bloc through their full possession of Vietnam north of Parallel 17, the following seems pertinent:
  - a. The output of anthracite coal from the open pit mines in Tonkin was 1500 thousand metric tons in 1932 and 2500 thousand metric tons in 1939. The production then decreased to about 500 thousand metric tons in 1950. These are figures that were issued by the French Government in Indochina. [redacted] the production was in 1953, but these statistics indicate that there was considerable fluctuation and are suggestive of what the Communists can produce. With slave labor they could no doubt step up the production considerably.
  - b. Cement factories in Tonkin had a production of 153 thousand metric tons in 1949 and 144,100 in 1950 /according to the Supplement, Annuaire de l'Indochine, 1950 edition/, my "guesstimate" is that the 1953 production figure was a little below the 1950 figure.
  - c. Tin, tungsten and zinc deposits in Tonkin: In the 1930's [redacted] a company that was going to develop some of these deposits but an investigation indicated that these deposits were less attractive as an investment than first believed and exploitation was not begun. Unless tin, tungsten and zinc are very badly needed by the Communists these deposits will probably again be left undeveloped because of the costs involved. A 1950 pamphlet on Vietnam refers to Zinc production in Choc Dien in Tonkin; [redacted] believe the production is very small. A reference work /French Indo China As It Is/, published in 1935/ lists, for all of Indochina an annual zinc production of 11,958 tons and a tin production of 2,364 tons for 1934.

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- d. Sulphur: There are some very rich sulphur deposits near Sam Neua in Laos, near the North Vietnam border. If, under the Geneva partition, North Vietnam got this part of Laos that juts out into Tonkin, then the Communists got the Sam Neua sulphur deposits. While wonderfully rich in purity these rather extensive deposits are not now important because Sam Neua is practically inaccessible by roads. Some maps show a good road from the coast of Tonkin to Sam Neua in Laos but actually, for the most part, the road is little more than a trail. Any sulphur production at Sam Neua would have to be flown out, hence development of this sulphur deposit is impractical for the near future.
- e. There is some iron ore near Lao Kay (near the China border) but evidently of negligible importance because official statistics do not list any iron ore for Indochina.
- f. Most of the opium that is produced in Indochina is grown in Laos. The North Vietnam territory has very little opium production.
- g. Rice: Many uniformed seem to think the Communists got an important rice surplus area in North Vietnam. True, the Red River Delta produces a great deal of rice and there are years when North Vietnam can export some rice, but not infrequently in years past they had to import rice from the south of Indochina. Whenever the floods are especially bad the rice production in North Vietnam is insufficient to support her own population.
- h. Cattle/Dairy industry: There are very few milch cows in North Vietnam and what few cows there are produce only about one or two liters of milk per cow per day. Hence, North Vietnam is either going to have to import meat and milk or go without. North Vietnam has always imported large quantities of canned milk. With reference to meat the following statistics are interesting: The 1950 Supplement Au Bulletin Economique de l'Indochine (page 16) shows that 151 thousand pigs were slaughtered in slaughterhouses in North Vietnam in 1950; 20,500 head were slaughtered in the same year in Hanoi, Haiphong, Quang-Yen and Haichong (all in North Vietnam).
- i. Except for rice, there are no other major agricultural commodities in North Vietnam, except perhaps corn. There is some sugar cane, coffee and a little tea. However, [redacted] state any of these (other than corn and possibly corn) as of major economic importance. Feeding the population of North Vietnam may become a major problem of the Communists. [redacted] heavy lean years since the 1920's. [redacted] when not a few people from North Vietnam temporarily moved to South Vietnam and Cambodia to avoid starvation. The Vietnamese people have unusually strong family ties and love of ancestral home - It takes a most serious situation to get them to move. Hence, whenever anyone goes down to Saigon from the Red River Delta it meant that food was really scarce in North Vietnam.
- j. Rubber: There is no rubber production in North Vietnam. [redacted]
- k. Lumber: There are forests in North Vietnam and in the environs of Hanoi. There is a lumber industry. Lack of transportation will pose a problem, but it may be that the Communists will find the lumber of little economic worth while reason. For the most part, the trees of North Vietnam do not make first-class lumber such as the pine and fir of the US Pacific Northwest.
- l. Consumer goods: North Vietnam produces some soap, cigarettes, alcohol and large quantities of matches (the latter especially in Vinh). These products are not of great commercial importance.
- m. Railroad/Haiphong: The Communists will probably not take long to get this into operation the railroad from Haiphong to Kunning. This, in my opinion, is the prize the Communist Chinese wanted in fighting for North Vietnam. They really need the seaport of Haiphong and the railroad

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to the interior as an outlet for the Kwangsi and Yunnan provinces of China to save the long haul via the Yangtze River. However, the railroad from China to Haiphong /via Lao Kay/ is not the great railroad artery that it might appear to be on the maps. [redacted] traveling on this railroad to Kunming a number of times in the late 1930's. [redacted] 25X1 [redacted] at that time there were about three passenger trains a week, each train had eight to ten cars, each car of about ten ton size. [redacted] the freight that can be hauled over this railroad is not more than 80 to 100 tons per train. The capacity is so very limited because the grades are steep and elevations of around six thousand feet are reached. [redacted] familiar with any improvements that may have been made to track or rolling stock since the early 1940's.

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- n. Lacquer: The stic-lac production from Indochina is mostly in North Vietnam. My notes indicate that 1724 tons were exported in 1938, most of it going to Japan.
- o. Salt: Large quantities of salt are produced in South Vietnam. The salt produced in North Vietnam is not important.
- p. Electric power: There are no hydroelectric power plants of any consequence in North Vietnam. Although there is a considerable potential for hydro electric power nothing has ever developed except talk. It is extremely unlikely that there will be any hydroelectric power development in North Vietnam in the near future. The cities of North Vietnam are served by individual small electric power plants, usually too small to adequately take care of the very modest local needs. Haiphong and Hanoi are an exception in that they have quite sizable steam-electric plants (coal burning). All the large city electric power plants [redacted] were coal-steam (thermal) plants; some of the smaller cities had diesel units.
- q. The number of North Vietnamese who will move south in the next 80 to 300 days to avoid coming under Communist domination is most difficult to estimate at this time /early August 1954/. The number will depend mostly on what the Catholic priests decide to do. The North Vietnamese who are Catholics are pretty closely tied in with their church and will, for the most part, follow the advice of their Bishops. The Catholic clergy in North Vietnam, not unlike the people they serve, are pretty well rooted to the soil - it will be terribly difficult for them to leave their ancestral home ground.

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